

Chapter 4: Reportable Compensation

Chapter Overview

This chapter provides information about compensation that is reportable to the Washington State retirement systems. Refer to this chapter for:

- General information about reportable compensation and its importance to members
- Tables summarizing payment types and a short answer of whether they are reportable for the retirement systems you report
- Cross references to relevant statutes (RCW) and rules (WAC)

The Revised Code of Washington (RCW) and the Washington Administrative Code (WAC) may be available to you through your legal advisor. A copy of the first fifty pages of a specific RCW or WAC can be ordered directly from the Office of the Code Reviser at no cost. For RCWs, call (360) 786-6777; for WACs, call (360) 786-6686. The RCWs and WACs may also be found at [http:// leg.wa.gov/rcw](http://leg.wa.gov/rcw).

If you have questions regarding the information contained in this chapter, please contact the appropriate retirement services unit at DRS.

What is Reportable Compensation?

Reportable compensation is the portion of salary or wages you pay to your employees that is used to determine retirement system contributions. It is also the compensation used to calculate retirement benefits. Not all salary or wages are reported to DRS.

Reportable compensation is defined in rule as “earnable compensation” for TRS (RCW 41.32.010), “compensation earnable” for PERS (RCW 41.40.010), and “basic salary” for LEOFF (RCW 41.26.030). “Reportable compensation” is the term used for WSPRS (RCW 43.43.120). DRS coined the term “reportable compensation” so the same term could be used when discussing compensation in the different retirement systems.

The Importance of Reportable Compensation

Reporting compensation incorrectly could result in a member's retirement account at DRS not having the appropriate interest applied, or the member having to pay retroactive contributions on compensation that should have been reported. If a retiree's monthly retirement benefit is overstated, DRS must recover the amount overpaid. If adjustments to a member's account or a retiree's monthly benefit are necessary, it may cause a financial liability for both employer and the member.